

CONTROLLER JOHN CHIANG

STATE OF CALIFORNIA

300 Capitol Mall
Sacramento, CA 95814
916.445.2636
www.controller.ca.gov

PR07:026

FOR IMMEDIATE RELEASE:
MAY 24, 2007

CONTACT: HALLYE JORDAN
916-445-2636

Chiang Sponsors Legislation to Reform Unclaimed Property Program

SACRAMENTO – California State Controller John Chiang today announced the introduction of legislation (SB 919 by Senator Mike Machado, D-Linden) to fix the Unclaimed Property Law and notify more than 800,000 owners annually that their lost property has been sent to the State and is available for them to claim.

“Restrictions in the law over the past two decades have created a ridiculously ineffective program for reuniting owners with their lost or forgotten property,” Chiang said. “While it is mind-boggling that the State Controller’s Office is prohibited from using its resources to notify Governor Schwarzenegger, legislators and movie stars that the State may be holding their unclaimed property, it is even more frustrating that we cannot contact those hardworking Californians for whom every dollar counts.”

SB 919 removes restrictions on the State Controller’s authority to locate unclaimed property owners. Under existing California law, the State Controller’s Office currently is unable to notify more than 80 percent of unclaimed property owners that the State has received their property. The law also prohibits the Controller from spending more than \$50,000 to notify the general public that their property may have been turned over to the State.

Under SB 919, the State Controller’s Office would be authorized to establish a program to locate and inform owners of unclaimed property the State has received and send notices to all reported addresses. Chiang plans to use available Internet search engines, commercial databases and state and local agencies to help locate property owners. The bill ensures that confidential information would be protected in accordance with law.

From 1960 through 1982, the State Controller’s Office employed a locator unit, housed in a small room, whose members leafed through hundreds of city phonebooks from across the country to help locate owners of unclaimed property.

“Just think of the people we can contact today using Internet search engines and private and public databases,” Chiang said. “I greatly appreciate Senate Leadership for using the budget process to make it easier for the State to reunite Californians with lost or inherited property.”

Like most other states, California passed its first unclaimed property law in 1959 to safeguard private property from being lost during mergers, bankruptcies and sales, or drawn down by service fees or used by private interests for private gain – either through unwillingness to find the owner or through confiscation.

Aside from increasing the ability to notify owners of possible unclaimed property, SB 919 would:

- Allow the Controller to pay interest on claims at the rate of 5% or the annual yield of the State's Pooled Money Investment Account for the prior year, whichever is lower. Since August 2003, California has not paid interest on unclaimed property.
- Impose stricter rules on banks, financial institutions and other businesses that fail to comply with the Unclaimed Property Law. SB 919 imposes civil penalties of \$200 per day, up to \$10,000. Holders who willfully refuse to report, pay or deliver escheated property to the State will face increased civil penalties of \$1,000 for each day, up to \$25,000, plus 25 percent of the value of the property that is not reported.

Since taking office in January, Chiang has made administrative changes to ensure Californians' property can be returned in the form received from the holder. Current law allows the State to sell securities at any time within two years of receiving the property. Rather than continuing the previous policy to accelerate stock liquidation upon receipt, Chiang prohibited the sale of stocks for at least 18 months.

SB 919 would provide that if the Controller sells stocks, bonds or other securities within 18 months of receiving the property, and the owner claims the property within 18 months, the claimant will receive the full value of the securities at either the time the claim is made, or at the time of sale, whichever is greater. If a security is sold and the claim is made after the 18-month period, the claimant will receive the actual value at time of sale.

Current law requires the Controller to sell the contents of safety deposit boxes at auction, and allows the Controller to dispose of items that have no apparent commercial value. Upon taking office, Chiang ordered that all safety deposit box contents be preserved for 18 months after notices are mailed.

When businesses or financial institutions lose track of customers, and accounts are not accessed for more than three years, the account balance is sent to the Controller's Office as unclaimed property. The most common types of unclaimed property include bank accounts and safe deposit box contents; stocks, mutual funds, bonds, and dividends; un-cashed cashier's checks and money orders; and overpaid utility bills, matured insurance policies and other account balances.

To date, the Controller's Office has received \$5.1 billion in unclaimed property for 8.2 million accounts that can be claimed by the rightful owners or heirs. The Controller's Office transfers unclaimed property proceeds to the State's General Fund monthly. If owner claims exceed the amount on hand to pay claims, the Controller draws out of the General Fund to pay the claims.

Californians are encouraged to search for and claim their unclaimed property at www.sco.ca.gov.

[SB 919 fact sheet](#)

###